



# Cleveland District Office News

Information for the Small Business Community

**October 2005**

U.S. Small Business Administration  
Cleveland District Office

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**October 2005 Newsletter**  
*In this issue:*

**Final Loan Report for FY 05** page 1

**LowDoc Program Eliminated** page 2

**News for SBA Lenders** page 2

**Mentor Economic CDC Names New Executive Director** page 2

**Nominations for SBA Small Business Awards Now Being Accepted** page 2

**Updated Authorization Wizards** page 3

**7(a) and 504 Program Changes** page 3

**New Cleveland District Office Address** page 3

**Veteran's Business Symposium to be Held in November** page 4

**SBA and JA Launch Teen Web Site** page 4

**For More Information**  
**SBA Home Page: [www.sba.gov](http://www.sba.gov)**

- SBA Answer Desk:  
1-800 U ASK SBA

- Fax: 202-205-7064

- Your rights to regulatory fairness:  
1-800-REG-FAIR

*All of the SBA's programs and services are provided to the public on a non-discriminatory basis.*

## THE WINNING NUMBERS ARE IN!!!

### *Final Loan Report for the Year, As of September 30, 2005*

#### 7(a) Loans

| Bank               | Number of Loans | Dollars (in thousands) |
|--------------------|-----------------|------------------------|
| Charter One Bank   | 1,649           | \$55,971               |
| National City Bank | 293             | \$35,831               |
| US Bank            | 167             | \$12,251               |
| Sky Bank           | 150             | \$29,872               |
| FirstMerit Bank    | 148             | \$21,545               |

#### 504 Loans

| CDC                              | Number of Approvals | Total (\$\$s) of 504 Loans Approved |
|----------------------------------|---------------------|-------------------------------------|
| Growth Capital Corp.             | 35                  | \$14,833,000                        |
| Cascade CDC Corp.                | 27                  | \$12,855,000                        |
| Lake County SBAC                 | 20                  | \$6,515,000                         |
| Stark Dev. Board Finance Corp.   | 11                  | \$3,798,000                         |
| Lucas County Improvement Corp.   | 10                  | \$1,982,000                         |
| Mahoning Valley Econ. Dev. Corp. | 8                   | \$4,034,000                         |
| Ohio Statewide Development Corp. | 4                   | \$1,271,000                         |
| West Central Partnership         | 1                   | \$491,000                           |
| Mentor Econ. Development Corp.   | 1                   | \$372,000                           |

#### Lender

| Lender              | Number of 504s |
|---------------------|----------------|
| KeyBank             | 26             |
| JPMorgan Chase Bank | 15             |
| National City Bank  | 15             |
| FirstMerit Bank     | 14             |
| Huntington Bank     | 7              |

## LowDoc Program Eliminated

SBA has announced the elimination of the LowDoc Loan Program. Effective September 30, 2005, SBA will no longer approve loans under the LowDoc Program. SBA will take appropriate action to withdraw or modify regulations, Standard Operating Procedures (SOPs), and forms related to the LowDoc Program.

### Use of standard 7(a) processing

Except for loans in the lenders' "pipelines" (see the next paragraph), all future 7(a) loan applications must be submitted to the district office covering the geographic location of the borrower, using the procedures and with the forms required for the standard 7(a) Program. (See SOP 50 10 for complete requirements and instructions.)

### Instructions for loans currently in process

Any loan package not processed by a LowDoc Center prior to the close of business on September 30, 2005, will be shipped to the appropriate district office for approval as a standard 7(a) loan. The district office may need to contact the lender for additional information as necessary to make a loan decision, but the lender will not be required to re-initiate the entire application package.

The Agency recognizes that there is a "pipeline" issue with respect to loans in process at the lender. In order to not cause undue disruption to potential borrowers, SBA district offices will accept applications submitted using LowDoc forms until October 31, 2005. The loan processor will inform the lender as to what additional information may be required.

### Guaranty percentage unaffected by this Notice

Statutory changes made to the Small Business Act last year preserved the higher guarantee percentage available for smaller-sized business loans. Those changes allow for all 7(a) loans made for \$150,000 or less that are not processed through SBAExpress to be guaranteed at 85 percent.

Please contact our Lender Relations Division at (216) 522-4180 if you have questions concerning this notice. ♦

## News for SBA Lenders...



**SBA has announced a limited change to Chapter 13 of Standard Operating Procedure (SOP) 50 51 2 concerning guaranty purchase reviews.**

The change deals with the documentation required for equity injections. The change reads as follows: "For any cash injection that is greater than 1/3 of the loan amount or \$200,000, whichever is less, the lender must also verify and document the source of the cash injection. If the cash injection is less than both of these amounts, the lender is required to verify and document only the existence of the cash injection, but not also its source".

**IRS has issued a Revised IRS Form 4506-T.** The new IRS Form 4506-T (July 2005) with the SBA Logo on the form is now available on SBA's Intranet site and the SBA Banking site. The new form is to be used instead of previous IRS Form 4506-T.

Please feel free to contact one of the SBA Cleveland District Office Lender Relation Specialists if you have any questions regarding either of these items. ♦

## Mentor Economic CDC names Thielman as Executive Director

Mentor Economic Assistance Corp., an SBA Certified Development Corporation, has chosen Thomas W. Thielman as its new Executive Director. Mentor Economic (MEACO) administers the SBA 504 Loan Program, along with other economic development programs such as the Mentor Small Business Loan Fund.

Mr. Thielman previously served as Director of Economic Development for the City of Wickliffe and Business Development Officer for the City of Parma. Thielman was chosen out of 76 candidates for the Mentor position. "I'm very excited. My role within MEACO is to further facilitate strong relationships between area small businesses and the financial community," said the new Executive Director. "I look forward to helping finance growth and expansion initiatives for area small businesses. My goal is job creation." ♦

## Nominations for SBA 2006 Small Business Week Awards Now Being Accepted

Nomination guidelines at: <http://www.sba.gov/nominationsguideline.html>  
or by calling the SBA Cleveland Office at 216-522-4180, ext. 215  
Deadline for submissions to the Cleveland office is Nov. 4, 2005

## Updated Authorization Wizards

SBA has announced the release of Version 2006 of both the 7(a) and 504 Authorizations. All changes are outlined in the "What's New" section of the Authorization Boilerplate and Wizard. The 7(a) Authorization Version 2006 has replaced version 2004.2 on SBA's servers for use by the SBA processing offices effective October 3, 2005. The 7(a) Wizard Version 2006 is now available to Lenders by going to the SBA banking website at [www.sba.gov/banking](http://www.sba.gov/banking). Lenders have until November 3, 2005 to convert to using this new version.

The 504 Authorization Version 2006 has replaced version 2004.2 on SBA's servers for use by the SBA processing offices effective October 3, 2005. The 504 Authorization Version 2006 is now available to SBA field offices and CDCs by going to the SBA banking website at [www.sba.gov/banking](http://www.sba.gov/banking). CDCs should begin using Version 2006 as soon as possible, but have until November 3, 2005 to convert to this new version.

If you have any questions regarding the 7(a) Authorization, please submit your questions to the 7(a) Authorization e-mail box at [Auth-7a@sba.gov](mailto:Auth-7a@sba.gov). If you have any questions regarding the 504 Authorization, please submit your questions to the 504 Authorization e-mail box at [Auth-504@sba.gov](mailto:Auth-504@sba.gov). ♦

## 7(a) and 504 Program Changes Effective October 1, 2005

Each year the fees payable to SBA are reviewed to determine if they need to be adjusted for new loans to offset the estimated costs to the program as a result of losses. SBA recently released a notice to announce the revised "ongoing fee" for FY 2006 loans for both the 7(a) and 504 loan programs. (These fees are imposed under Section 7(a)(23) of the Small Business Act and Section 503(b)(7) of the Small Business Investment Act, respectively.) The adjusted fees together with the other fees paid to SBA will keep both of these lending programs at a zero subsidy rate. (The other fees payable to SBA remain the same.)

### 7(a) Loan Program

For loans approved beginning October 1, 2005, the "ongoing servicing fee" paid by lenders to SBA will be 0.545 of one percent. This is a slight increase from the FY 2005 on-going fee of 0.500 of one percent.

### 504 Loan Program

For loans approved beginning October 1, 2005, the "ongoing guarantee fee" paid by borrowers to SBA will be 0.192 of one percent. This is a slight decrease from the FY 2005 fee of 0.288 of one percent.

### Instructions to Manually Change the 7(a) and 504 Authorizations

Version 2006 of the 7(a) and 504 authorizations (including the Wizard) will reflect these fee changes. The authorizations should be available by October 3, 2005, at [www.sba.gov/banking](http://www.sba.gov/banking).

Please contact our Lender Relations Division at (216) 522-4180 if you have any questions regarding these changes. ♦

### **Cleveland District Office Program Staff**

*Gilbert B. Goldberg*, District Director  
*Richard A. Lukich*, District Counsel

#### **Lender Relations:**

*James F. Donato*, Manager and PIO  
*Timothy J. Enschede*, Lender Relations Specialist  
*Mark C. Hansel*, Lender Relations Specialist  
*Thomas R. Sangrik*, Lender Relations Specialist

#### **Business & Economic Development (Community Outreach):**

*James M. Duffy*, Manager  
*John R. Renner*, Business Development Specialist  
*Sonya M. Wagasky*, Business Development Specialist

## Reminder!

**The SBA Cleveland District Office's  
new address is:**

**1350 Euclid Avenue, Suite 211  
Cleveland, Ohio 44115-1815**

***Please update your records!***

## Veteran's Business Symposium to be Held in November

### *Veterans and Active Military:*

- ✓ Are you starting a small business? The upcoming symposium has the resources you need!
- ✓ Interested in doing business with the Government? Take advantage of the chance to meet buyers!

The third annual Veteran's Business Symposium will be held Thursday, November 3, 2005 at the John A. Spitzer Conference Center on the campus of Lorain County Community College.

The event is being offered to provide area veterans with an opportunity to learn from a variety of business development resources and benefit from Government contracting panels and workshops. In addition, participants will have the opportunity to access veteran's services of all kinds, as well as network with buyers from approximately twenty Federal and State agencies.

The luncheon speaker is LTC James Blanco, Assistant to the Director, Office of Small and Disadvantaged Business, U.S. Army. His presentation is entitled "Setting Up Veteran-Owned Businesses for Success."

The event will take place from 8:00 am to 4:00 pm, with registration beginning at 7:00 am. The conference center is located at 1005 Abbe Road North, Elyria, Ohio. The registration fee is \$20.00 and includes lunch. To register, go to [www.lcedc.org](http://www.lcedc.org). For more information, please contact Jane Stewart, NEO-PTAC, at [jstewart@lcedc.org](mailto:jstewart@lcedc.org) or 440-357-2294. ♦

Presented by: The Northern Ohio Procurement Technical Assistance Centers, in cooperation with the SBA. Primary Sponsor: Lorain National Bank.

## SBA and JA Worldwide Launch Joint Teen Web Site

A new cosponsored Web site targeting young entrepreneurs who want to start, run or grow their own businesses was announced today by the U.S. Small Business Administration and JA (Junior Achievement) Worldwide. The new Web site, *Mind Your Own Business* at [www.mindyourownbiz.org](http://www.mindyourownbiz.org), is designed to support the growing interest in entrepreneurship among teens, and serves as a small business portal for youth entrepreneurs, providing necessary resources and information essential in realizing their dreams of business ownership.

The Web site launch was announced by Hector V. Barreto, Administrator of the U.S. Small Business Administration at a Washington, D.C., press conference with JA Worldwide, where the National Student Entrepreneur of the Year was also announced.

The *Mind Your Own Business* Web site provides five easy-to-navigate steps on business ownership for entrepreneurial-minded teens, each with valuable information to help take teens from brainstorm to business. "Legions of young entrepreneurs across the country are changing the face of America's marketplace," said Administrator Barreto. "We are pleased to partner with JA Worldwide to support and promote our nation's youth as contributing members of the American economy."

"JA Worldwide is proud to join with the U.S. Small Business Administration to promote the benefits of free enterprise and entrepreneurship to our nation's youth," said David S. Chernow, president and chief executive officer of JA Worldwide. "This new Web site will give teens valuable resources to help them start their own business and live the 'American Dream.'"

This week the SBA also unveiled its teen Web site *Teen Business Link*, at [www.sba.gov/teens](http://www.sba.gov/teens). The Web site has been revamped to include streaming video, animation and interactive sound clips. *Teen Business Link* lays the foundation for the next generation of entrepreneurs and provides tools and resources on small business basics for the young entrepreneurs. Both the *Mind Your Own Business* and *Teen Business Link* Web sites will help to introduce teens to the idea of small business ownership as an entrepreneurial career.

The "National Student Entrepreneur of the Year" was named by Administrator Barreto during the press conference. Brian Hendricks of Potomac, Md., was selected as the 2005 award recipient by a blue-ribbon panel of experts from various organizations including the SBA and the National Federation of Independent Business. The award recognizes students with entrepreneurial spirit who have successfully applied the knowledge they gained through JA programs.

Brian is the founder of StartUpPc and VB Solutions, Inc. StartUpPc sells custom-built computers and computer services for home users, home offices, small businesses and students. He was taught at a very young age that working for yourself is one of the best jobs available. Brian was also named the 2005 SBA's "Young Entrepreneur of the Year" for the Washington, D.C., District Office.

SBA's participation in this cosponsorship does not constitute an express or implied endorsement of the views, opinions, products or services of any cosponsor or other person or entity. All SBA programs, services and cosponsored activities are extended to the public on a nondiscriminatory basis. ♦